

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Patent Application

5 Applicant(s): Tetsunosuke Fujisaki
Docket No.: YO999-527
Serial No.: 09/710,999
Filing Date: November 9, 2000
Group: 3695
10 Examiner: Narayanswamy Subramanian

Title: Method and Apparatus for Network Marketing of Financial Securities

15 REPLY BRIEF

Mail Stop Appeal Brief – Patents
Commissioner for Patents
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Sir:

25 Appellant hereby replies to the Examiner's Answer, mailed December 23, 2008 (referred to hereinafter as "the Examiner's Answer"), in an Appeal of the final rejection of claims 1-5, 17-21, and 32 in the above-identified patent application.

REAL PARTY IN INTEREST

30 A statement identifying the real party in interest is contained in Appellant's Appeal Brief.

RELATED APPEALS AND INTERFERENCES

A statement identifying related appeals is contained in Appellant's Appeal
35 Brief.

STATUS OF CLAIMS

The present application was filed on November 9, 2000 with claims 1 through 35. Claims 6-16, 22-31, and 33-36 were cancelled in the Amendment and

Response to Office Action dated October 14, 2004. Claims 1-5, 17-21, and 32 are presently pending in the above-identified patent application. Claims 1-5 remain rejected under 35 U.S.C. §101 because they are directed to non-statutory subject matter. Claims 17-21 were rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention, but the Examiner withdrew the rejection in the Examiner's Answer. Claims 1-5, 17-21, and 32 remain rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston (United States Patent Number 6,266,651 B1) in view of Silverman et al. (United States Patent Number 5,924,082). Claims 1-5, 17-21, and 32 are being appealed.

STATUS OF AMENDMENTS

A statement identifying the status of the amendments is contained in Appellant's Appeal Brief.

SUMMARY OF CLAIMED SUBJECT MATTER

A Summary of the Invention is contained in Appellant's Appeal Brief.

STATEMENT OF GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

Claims 1-5 are rejected under 35 U.S.C. §101 because they are directed to non-statutory subject matter. Claims 1-5, 17-21, and 32 are rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston in view of Silverman et al. The Examiner has withdrawn the rejection of claims 17-21 under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

CLAIMS APPEALED

A copy of the appealed claims is contained in an Appendix of Appellant's Appeal Brief.

ARGUMENTS

Section 101 Rejections

Claims 1-5 are rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter. Regarding claim 1, the Examiner asserts that the claim is drawn to a method for processing transactions involving financial securities that is not tied to any technological art or another statutory class or transform underlying subject matter to a different state or thing, and because they lack any recitation of technology in the body of the claims.

Appellant notes that under current, although evolving law, for testing whether a process claim is patent eligible, a claimed process must result in a physical transformation outside of a computer for which a practical application in the technological arts is either disclosed in the specification or would have been apparent to a person of ordinary skill in the art. Claim 1, for example, is directed to a method for *processing transactions* involving financial securities in a secondary market and is directed to the technological arts. The cited claim requires the posting of a received bid only to authorized market segments. This transformation to posted bids in this manner is a *useful, concrete, and tangible result*. Further, the receiving and posting steps are clearly physical steps recited in the body of the claim.

Thus, Appellant submits that each of the claims 1-5 are in full compliance with 35 U.S.C. §101, and accordingly, respectfully requests that the rejection under 35 U.S.C. §101 be withdrawn.

Section 103 Rejections

In the Examiner's Answer, the Examiner asserts that "the market for illiquid financial securities is no different from the market for used and collectible goods."

Appellant notes that, in fact, the secondary market for financial securities is *substantially different* from the marketplace for used and collectible goods disclosed by Woolston, as would be apparent to a person of ordinary skill in the art. For example, the secondary market for financial securities is characterized by price fluctuations that make it difficult to post bids and, since each financial security typically has its own set of requirements and risks, the evaluation and comparison of two different securities is

nearly impossible. The fact that the secondary market for used and collectible goods are *very illiquid* reduces the requirements for a bidding system. Thus, while it may be argued that all financial securities are not necessarily liquid, *the fact that some, or most, of financial securities are liquid means that the requirements for the bidding system are more stringent than the bidding system for the secondary market for used and collectible goods and the invention must be capable of meeting these requirements in order to operate properly.* Furthermore, the term “financial securities in a secondary market” is understood to refer to financial securities that are not illiquid, as would be apparent to a person of ordinary skill in the art. For example, regarding secondary markets for financial securities, wikipedia.com teaches:

The major stock exchanges are the most visible example of liquid secondary markets - in this case, for stocks of publicly traded companies. Exchanges such as the New York Stock Exchange, Nasdaq and the American Stock Exchange provide a centralized, liquid secondary market for the investors who own stocks that trade on those exchanges.”

In the Examiner’s Answer, the Examiner asserts that Appellant’s statement that “the secondary market for used and collectible goods *are* similar, **in some respects**, to very illiquid securities” means that Appellant agrees with the Examiner’s assertion that “the market for illiquid financial securities is no different from the market for used and collectible goods.”

Appellants see no logic in the Examiner’s statement. The fact that markets are similar “in some respects” does *not* mean or imply that there are no differences between the markets.

In the Examiner’s Answer, the Examiner asserts that financial markets are given the broadest permissible interpretation to include both liquid and illiquid financial securities.

Appellant notes that, if the Examiner’s interpretation is used and the term financial markets includes both liquid and non-liquid securities, then the requirements for the bidding system must be more stringent than the bidding system for the secondary market for used and collectible goods and the invention must be capable of meeting these requirements in order to operate properly.

In the Examiner's Answer, the Examiner asserts that the feature upon which applicant's rely is the feature of "a group of other market participants to which the respective market participant is willing to announce its bids" and asserts that this feature is not recited in the claims.

5 First, Appellant notes that there are *a number of features* that distinguish the claimed invention from the cited art, as described in the Appeal Brief. Moreover, the term "market segment" is recited in the claims and is defined in the present disclosure as "a group of other market participants to which the respective *market participant is willing to announce its bids.*" Thus, the cited feature is recited in the claims.

10 In the Examiner's Answer, the Examiner notes that one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references.

Appellant notes that the arguments were not presented to attack the references individually, but were presented to demonstrate that *none of the references*
15 cited by the Examiner disclose or suggest the features used by the Examiner in rejecting the present claims.

Appeal Brief Arguments

Claims 1, 2, 17, 18, and 32

20 Claims 1, 2, 17, 18, and 32 are rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston in view of Silverman et al. Regarding claims 1, 17, and 32, the Examiner notes that Woolston teaches establishing a plurality of market segments in said secondary market (col. 1, lines 51-67, the tiers constitute the market segments and used goods imply secondary markets) and that both Woolston and Silverman are
25 concerned with the problem of processing transactions involving two parties. Regarding claims 2 and 18, the Examiner asserts that Woolston teaches the step of preventing said bid from being posted to market participants not in said one or more authorized market segments (Woolston: claims 5 and 18). In the Response to Arguments section of the final Office Action, the Examiner asserts that the secondary markets for very illiquid securities
30 are no different from the secondary markets for used and collectible goods.

Applicant notes that Woolston is directed to a two-tiered electronic market system for bidding on used and collectible goods (col. 1, lines 43-56). The present invention, on the other hand, is directed to bidding for *financial securities in a secondary market*. Applicant notes that the application of the known techniques cited in Woolston to secondary financial markets is not obvious. In fact, the secondary market for financial securities is ***substantially different*** from the marketplace for used and collectible goods disclosed by Woolston, as would be apparent to a person of ordinary skill in the art. For example, the secondary market for financial securities is characterized by price fluctuations that make it difficult to post bids and, since each financial security typically has its own set of requirements and risks, the evaluation and comparison of two different securities is nearly impossible. Regarding the Examiner's assertion that the secondary markets for very illiquid securities are no different from the secondary markets for used and collectible goods, Applicants note that the secondary market for used and collectible goods *are* similar, **in some respects**, to very illiquid securities. The fact that the secondary market for used and collectible goods are very illiquid reduces the requirements for a bidding system. Thus, while it may be argued that all financial securities are not necessarily liquid, the fact that some, or most, of financial securities are liquid means that the requirements for the bidding system are more stringent than the bidding system for the secondary market for used and collectible goods.

Furthermore, Woolston defines market segments along the lines of wholesale, retail, etc. (see, Abstract). The present invention defines a market segment as "a group of other market participants to which the respective ***market participant*** is *willing to announce its bids*." (Page 4, lines 18-20; emphasis added.) Thus, the segments defined by Woolston are ***not*** the same type of segments defined by the present invention. Independent claims 1, 17, and 32 require establishing a plurality of market *segments* in a *secondary market* for bidding on *financial securities*, receiving a bid for one or more financial securities, said bid including one or more *authorized market segments*; and posting said bid only to said one or more *authorized market segments*. Claims 2 and 18 require the step of preventing said bid from being posted to market participants not in said one or more *authorized market segments*.

Thus, Woolston does not disclose or suggest establishing a plurality of market segments in a secondary market, receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and posting said bid only to said one or more authorized market segments, as required by independent claims 1, 17, and 32, and does not disclose or suggest the step of preventing said bid from being posted to market participants not in said one or more authorized market segments, as required by claims 2 and 18.

Claims 3 and 19

Claims 3 and 19 are rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston in view of Silverman et al. Regarding claims 3 and 19, the Examiner asserts that Woolston discloses the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid (Woolston: claim 35).

Applicants note that Woolston teaches to selectively *displace the current retail bid amount* if the *received wholesale bid increased by a predetermined amount is greater than the current retail bid* (Woolston: claim 35). Woolston may teach to displace a current bid based on a received bid; Woolston, however, does *not identify bids* that are in *proximity* to said received bid. Claims 3 and 19 require the step of comparing said bid to other pending bids to *identify pending bids* that are in proximity to said received bid.

Thus, Woolston does not disclose or suggest the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid, as required by claims 3 and 19.

Additional Cited References

Silverman et al. were also cited by the Examiner for its disclosure of the step of establishing a communication channel between entities associated with two bids that are in proximity. Silverman is directed to a matching system that uses trading and ranking information from each user to identify transactions between counterparties that are mutually acceptable based on the ranking information, thereby matching potential counterparties to a transaction. (See, Abstract.) Silverman does not address the issue of establishing a plurality of market segments in a secondary market for financial securities.

Thus, Silverman et al. does not disclose or suggest establishing a plurality of market segments in a secondary market, receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and posting said bid only to said one or more authorized market segments, as required by independent claims 1, 17, and 32, does not disclose or suggest the step of preventing said bid from being posted to market participants not in said one or more authorized market segments, as required by claims 2 and 18, and does not disclose or suggest the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid, as required by claims 3 and 19.

Conclusion

The rejections of the cited claims under section §103 in view of Woolston or Silverman et al., alone or in combination, are therefore believed to be improper and should be withdrawn. The remaining rejected dependent claims are believed allowable for at least the reasons identified above with respect to the independent claims.

The attention of the Examiner and the Appeal Board to this matter is appreciated.

Respectfully,

/ Kevin M. Mason /

Date: February 23, 2009

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APPENDIX

1. A method for processing transactions involving financial securities in a secondary market, said method comprising the steps of:

5 establishing a plurality of market segments in said secondary market, each of said market segments having at least one market participant;

receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and

posting said bid only to said one or more authorized market segments.

10 2. The method of claim 1, further comprising the step of preventing said bid from being posted to market participants not in said one or more authorized market segments.

15 3. The method of claim 1, further comprising the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid.

20 4. The method of claim 1, further comprising the step of establishing a communication channel between entities associated with two bids that are in proximity.

5. The method of claim 4, wherein two bids are in proximity if they have parameters that are within a given threshold of each other.

25 6. (Cancelled)

7. (Cancelled)

8. (Cancelled)

30 9. (Cancelled)

10. (Cancelled)

11. (Cancelled)

5 12. (Cancelled)

13. (Cancelled)

14. (Cancelled)

10

15. (Cancelled)

16. (Cancelled)

15 17. A system for processing transactions involving financial securities
in a secondary market, comprising:

a memory that stores computer-readable code; and

a processor operatively coupled to said memory, said processor configured
to implement said computer-readable code, said computer-readable code configured to:

20 establish a plurality of market segments in said secondary market, each of
said market segments having at least one market participant;

receive a bid for one or more financial securities, said bid including one or
more authorized market segments; and

post said bid only to said one or more authorized market segments.

25

18. The system of claim 17, wherein said processor is further
configured to prevent said bid from being posted to market participants not in said one or
more authorized market segments.

19. The system of claim 17, wherein said processor is further configured to compare said bid to other pending bids to identify pending bids that are in proximity to said received bid.

5 20. The system of claim 17, wherein said processor is further configured to establish a communication channel between entities associated with two bids that are in proximity.

10 21. The system of claim 20, wherein two bids are in proximity if they have parameters that are within a given threshold of each other.

22. (Cancelled)

23. (Cancelled)

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24. (Cancelled)

25. (Cancelled)

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26. (Cancelled)

27. (Cancelled)

28. (Cancelled)

25

29. (Cancelled)

30. (Cancelled)

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31. (Cancelled)

32. An article of manufacture processing transactions involving financial securities in a secondary market, comprising:

a computer readable medium having computer readable code means embodied thereon, said computer readable program code means comprising:

5 a step to establish a plurality of market segments in said secondary market, each of said market segments having at least one market participant;

a step to receive a bid for one or more financial securities, said bid including one or more authorized market segments; and

10 a step to post said bid only to said one or more authorized market segments.

33. (Cancelled)

34. (Cancelled)

35. (Cancelled)

EVIDENCE APPENDIX

There is no evidence submitted pursuant to § 1.130, 1.131, or 1.132 or entered by the Examiner and relied upon by appellant.

RELATED PROCEEDINGS APPENDIX

There are no known decisions rendered by a court or the Board in any proceeding identified pursuant to paragraph (c)(1)(ii) of 37 CFR 41.37.